

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, September 28, 2005

FINANCIAL HARDSHIP PROJECTS BIDDING ISSUES

PURPOSE OF REPORT

To present a report of additional survey findings related to the impact of the bid environment on School Facility Program (SFP) financial hardship projects.

DESCRIPTION

At the January 2005 meeting of the State Allocation Board (SAB), the Board directed Staff to determine the number of financial hardship districts that have eliminated minimum essential facilities from a complete new school project due to the high bid climate. In conjunction with the California Coalition for Adequate School Housing, the Office of Public School Construction (OPSC) conducted a survey of districts with SFP financial hardship projects that had obtained a fund release or apportionment in 2004. The survey requested information regarding the districts' completion of financial hardship new school projects and how the bid environment had impacted the projects.

The results of the first survey (see Attachment) presented at the May 2005 SAB meeting appeared to indicate that the high bidding climate may not be a pervasive problem affecting financial hardship districts throughout the State, but may rather be isolated to a small number of projects in specific districts. Due to the limited number of responses to the survey, the SAB requested that the OPSC attempt to obtain additional information.

STAFF COMMENTS

A follow-up survey was conducted to attempt to gain information from those districts that did not respond to the first survey. The response of a second survey was again limited and revealed no new information. Staff understands that concerns are still being raised regarding the adequacy of the grants. Therefore, Staff is organizing an ad hoc committee to address the issue and will provide a report of the committee's findings at a future SAB meeting.

RECOMMENDATION

Accept this report.

BOARD ACTION

The State Allocation Board accepted this report on September 28, 2005. In addition, the Board requested Staff to provide information on the differences between the life expectancy and maintenance requirements of modular construction and permanent construction.